

Subcommittee on Siting Generation and Transmission
House Majority Caucus Room
August 21, 2006

SUMMARY

The meeting was called to order by Senator Russell Fulcher. Other Subcommittee members present were Senator Patti Anne Lodge, Senator Elliot Werk, Co-chair Representative Mark Snodgrass, Representative Eric Anderson and Representative Elaine Smith, Bill Beck, Ken Estep, Ken Miller, Jim Kempton, Russell Westerberg, and Gary Seifert.

Other persons present were Arne Olson, E3; Mike Nugent, Legislative Services Office; Bree Wildman, Congressman Butch Otter's office; Bob Hoppie, Idaho Energy Division; Rich Hahn, Idaho Power; Elke Shaw-Tulloch, Department of Health and Welfare; Marilyn Whitney, Idaho National Laboratory; Ron Williams, ICUA and Mountain View Power; John J. Williams, BPA; Gary Gould, Shoshone-Bannock Tribes; Don Reading, Ben Johnson and Associates; Brenda Tominaga, IPIA/IGWA; Courtney Washburn, Idaho Conservation League; Toni Hardesty and Jess Byrne, Department of Environmental Quality; Representative Sharon Block; Rick Carlson, Idaho Rural Council; Rick Rush, IACI; Lynn Tominaga IGWA, Garry Galindo, Idaho Energy Division; Heidi Merhar; Michael Louis, Boise State University; Paul Kjellander, IPUC; Peter Richardson; Industrial Customers of Idaho Power/Idaho Energy Authority; Neil Colwell, AVISTA, Ken Harward, Association of Idaho Cities; and Don Howell, Office of the Attorney General.

Arne Olson of E3 made a presentation regarding energy facility siting options for Idaho. Mr. Olson's presentation may be found on the Legislature's website at <http://www.legislature.idaho.gov/sessioninfo/2006/Interim/interimcommittees.htm#energy> under the Subcommittee on Siting Generation and Transmission. Mr. Olson compared the siting laws in Washington, Oregon, California, Arizona, Montana, Arkansas and Maine.

Ms. Toni Hardesty of the Department of Environmental Quality made a presentation about environmental authorities and permits required for the siting of power plants in Idaho and discussed the effect of Governor Risch's opting the State of Idaho out of the Mercury Cap and Trade Program of the Environmental Protection Agency.

Commissioner Paul Kjellander spoke regarding siting transmission lines under Section 368 and Section 1221 of the U.S. Energy Policy Act of 2005 and about potential gaps and how the State authority could be usurped by the Federal Energy Regulatory Commission pursuant to Section 1221 regarding National Interest Corridors.

Mr. Ron Williams discussed a resolution adopted by the Western Governor's Association

supporting legislation before Congress that would provide tax exempt status for bonds issued by state agencies that expand interstate transmission or pipeline capacity. In response to a question, Neil Colwell said that having a sales tax exemption for materials used in transmission facilities or income tax credits for investing in transmission facilities would benefit the private utilities and their rate payers.

Representative Sharon Block discussed the 8,500 signatures gathered opposing the coal fired power plant in Jerome County and a study of the Department of Health and Welfare regarding contaminants of possible concern from coal-fired power plants in November, 2005.

Mr. Westerberg moved, seconded by Mr. Estep that legislation be drafted that would place transmission siting authority in the Public Utilities Commission for National Interest Corridors. The motion passed unanimously.

Representative Anderson moved, seconded by Senator Lodge that a Memorial be drafted supporting an amendment to the Internal Revenue Code regarding the private activity definition as enumerated by Mr. Williams. The motion passed unanimously.

Mr. Westerberg moved, second by Representative Anderson that legislation be drafted to provide a sales tax exemption for materials used in transmission facilities or distribution lines. The motion passed with Senator Fulcher, Senator Lodge, Representative Anderson, Representative Snodgrass, Mr. Seifert, Mr. Beck, Mr. Estep and Mr. Westerberg voting aye and Senator Werk, Representative Smith and Mr. Miller voting no.

Senator Werk moved seconded by Representative Smith that the state energy plan have language to develop pertinent incentives to have long term investment in transmission facilities. The motion passed.

Mr. Olson presented possible points of consensus regarding. They are:

- C The state should not create another layer of bureaucracy
- C There should not be both a state and a local energy facility process that could result in in project disapproval.
- C Should take advantage of existing processes and agencies to the maximum extent.
- C The Energy facility siting process should ensure that energy facilities can be sited in Idaho under public oversight.
- C A state process, if there is one, should be a backstop to existing local processes.
- C Incentivize low water consumption as a part of siting.

After a motion and a substitute motion, the substitute motion passed as follows: **These represent the current processes in siting in Idaho that the Subcommittee believes should be contained in any change to the siting process. The bullet points represent the current siting process and the Subcommittee recommends no change to the siting process.** The motion was made by Mr. Westerberg, Seconded by Representative Anderson. Senator Fulcher, Senator Lodge, Representative Snodgrass, Representative Anderson, Mr. Westerberg, Mr. Estep, Mr. Beck and

Mr. Seifert voting aye. Senator Werk, Representative Smith and Mr. Miller voted no.

The original motion was: These represent the current process in siting in Idaho that the Subcommittee believes should be contained in any change to the siting process. The bullet points represent the current siting process and we are not in consensus for the need to change the siting process. The motion was made by Senator Werk, seconded by Mr. Miller.

The meeting was adjourned at 5:30 p.m.